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Committee on Environment
and Public Works

Washington, D.C.

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OVERSIGHT OF THE ECONOMIC DEVELOPMENT ADMINISTRATION

Wednesday, January 22, 2020

United States Senate

Committee on Environment and Public Works

Washington, D.C.

The committee met, pursuant to notice, at 10:07 a.m. in room 406, Dirksen Senate Office Building, the Honorable John Barrasso [chairman of the committee] presiding.

Present: Senators Barrasso, Carper, Inhofe, Capito, Braun, Rounds, Ernst, Cardin, Whitehouse, Gillibrand.

STATEMENT OF THE HONORABLE JOHN BARRASSO, A UNITED STATES
SENATOR FROM THE STATE OF WYOMING

Senator Barrasso. Good morning. I call this hearing to order.

Today we will conduct oversight of the Economic Development Administration. I would like to welcome our witness, Dr. John Fleming. We have worked together over the years. He is the Assistant Secretary of Commerce for Economic Development. In March of last year, the Senate confirmed Dr. Fleming. I look forward to hearing about the agency's priorities under your leadership.

The Economic Development Administration's mission is to foster regional economic development efforts in communities across the Nation. That mission is guided by the principle that sustainable, economic development should be locally driven. Instead of the Washington knows best approach, the Economic Development Administration works hand in hand with local partners. The Agency provides limited funding and technical assistance to advance projects that already have local buy-in and are best positioned to succeed. These projects are linked to a region's long-term, sustainable economic development strategy.

Many communities were hard hit during the Great Recession. The economic impacts to coal communities under the Obama

Administration were devastating. Economic conditions combined with the war on coal put the industry's best-paying jobs in the crosshairs. No State felt this more than Wyoming, the leading coal-producing State in America.

President Trump has worked to reverse this trend. Under his leadership, the Economic Development Administration established the Assistance to Coal Communities Initiative. Coal is a valuable resource. It powers our homes; it fuels our factories.

What many outside coal country might not realize is that there are new uses for coal, and those are emerging. Just last year, EDA provided \$1.4 million in funding to the Campbell County Economic Development Corporation for its Advanced Carbon Products Innovation Center. This center is working to bring new uses for coal from the lab to the marketplace. These uses might include carbon fiber or paving material. The center is expected to create jobs and attract about \$15 million in private investment.

In addition to attracting private sector investment, I commend the Administration's partnership with our state educational institutions to promote workforce development. A great example is in the Northern Wyoming Community College District. Last year, the college district received an EDA grant to support workforce training at Gillette College. The grant is

funding the purchase of science, technology, engineering, and management equipment. The Economic Development Administration's support for Wyoming workers extends beyond the energy industry.

In 2019, the agency provided \$3 million in funding to Central Wyoming College to build a new agriculture training facility. The new 85,000 square foot facility is going to provide hands-on training to Wyoming students. The college is building the training facility in an area identified as an opportunity zone under the new tax reform law. These opportunity zones are areas across the Country where new investment can spur economic development. As Dr. Fleming I am sure will discuss, the Economic Development Administration is focusing its work in these areas. This is another example of how the Trump Administration is implementing the tax reform law to grow our economy and help communities by providing additional opportunities.

I look forward to hearing more about these initiatives and the good work that is being done by the Economic Development Administration.

I would now like to turn to Ranking Member Carper.

Senator Inhofe, in light of your commitment as Chairman of the Armed Services Committee and this issue with scheduling, please proceed.

[The prepared statement of Senator Barrasso follows:]

STATEMENT OF THE HONORABLE JAMES M. INHOFE, A UNITED STATES
SENATOR FROM THE STATE OF OKLAHOMA

Senator Inhofe. Thank you. I thank both of you for giving me this opportunity.

We have a reason that we can't be here. I don't need your opening statement; I know exactly what you are doing. I know the successes we have had. I know that the EDA has really performed well and follows the lines that as the Chairman just said, that we have the opportunity to use matching funds to show the support at home is really being grown.

In my State of Oklahoma, as you well know, and some of the others know here, I am sure, we had a devastating flood this past year. It was one of these 100-year things that happens every year that you always hear about, but this was really bad. Our levee in Tulsa, we call it the West Tulsa Levee, was built in the middle-1940s. It is well past its lifetime.

When this flood came in, we were actually, we had people with fingers in the dike down there, literally, getting around. We were very fortunate that we didn't have a major disaster.

In addition to that, we had problems -- a lot of people don't know that we are Oklahoma are navigable. We have a navigation way that comes all the way up to Tulsa. But going through the Port of Muskogee, we had extensive damage done down there, and that falls into the category of your disaster

recovery Grant.

Those two programs primarily, let me first of all thank you and the Corps of Engineers for moving up the studies that are going to be necessary before we actually start fixing that dike. It is been initially thought it was going to be three years, and it has turned out to be about a year and a half, so we are making great headway.

But what I would like to do is just to be sure, as we found out when we had the committee hearing with the Corps of Engineers, they said there is not a higher priority in the Country than this to get it done, because it would mean lives if something else happened. I would kind of like to make sure the use I still feel the same way about your participation in helping us to fix that levee.

[The prepared statement of Senator Inhofe follows:]

Dr. Fleming. Well, thank you, Senator Inhofe. Let me say first of all, that since 2015, EDA's priority when it comes to disaster relief has been to focus on resiliency. I think this project really points that out.

We are looking at the Tulsa County Drainage District 12 levee pump stations. Application has been made, and coincidentally, Senator, the decision is being made by the committee that makes this decision today. Perhaps, by the end of the day --

Senator Inhofe. Where is that taking place?

Dr. Fleming. In Austin. We are broken up into six regions, and each application goes to whichever region, of course, has authority. In this case, it is Austin. It would never make it that far if it wasn't a really good application.

I can't get ahead of the decision of course, and in fact, the decision is not mine, it does lie at the regional level. So I hope to have good news for you by the end of the day.

Senator Inhofe. I appreciate that very much. I was not aware that that was taking place. We will have to take note of that because it is something that I hear about on a daily basis back there.

This is kind of the number one concern and problem that we have had there, so let me first of all thank the Chairman and Senator Carper for letting me forge ahead on this, and let me

thank you for the priority that you have already demonstrated that you are giving, and we will look for wonderful things to happen. Thank you very much. Thank you.

Dr. Fleming. Right, great. Thank you, Senator Inhofe.

Senator Barrasso. Thank you, Senator. Now, Senator Carper.

STATEMENT OF THE HONORABLE THOMAS R. CARPER, A UNITED STATES
SENATOR FROM THE STATE OF DELAWARE

Senator Carper. You can never have too many doctors at a hearing, Dr. Fleming, Dr. Barrasso. Happy to welcome back and nice to see you. Thank you for your service in a lot of different ways for our Country.

This is a great opportunity for us to hear a little about some of the programs at EDA, some of which we are intimately familiar with, others not, but to hear how you are doing and to see how, as you approach the end of the first year of this leadership role, how EDA is doing.

Senator Rounds and I are both recovering governors, and we approach a lot of issues here with our recovering-governor hat on. I was privileged to be governor for eight years, the same eight years that Bill Clinton was president. During those eight years, we had eight years of balanced budget, seven out of eight years we reduced taxes. We earned triple A credit ratings. More jobs were created in those eight years than in any eight-year period in the history of the State of Delaware before or since.

I did not create one of them. I did not create one of them. You hear a lot from governors, presidents, mayors, Senators about the jobs that they create. We don't create jobs. What we do is help create a nurturing environment for job creation.

There is a significant role for the Federal Government to play in that we deal a lot here with transportation policy, that is important. We are trying to figure out how to reach to the next generation in nuclear energy and do so in a safe way.

We do work a lot here on water projects and trying to make sure not just that we have clean water to drink, and that is important, but also that we have beaches that have been replenished and channels that have been dredged and all that stuff. It all works together.

As everybody in the room probably knows, EDA supports economic development by providing federal funds to local-driven projects. Jim Inhofe just talked about one. I could talk about a number of them, and will, here in a moment, but projects that are for economic creation, job creation.

These investments can serve as a lifeline, especially in economically distressed or moribund communities like my native West Virginia. Senator Capito knows full well what I am talking about. She lives and sees this every day.

Over the years, I have had the opportunity to see first-hand how these investments, including those by EDA, support projects, and create jobs in all of our home States, including my home State now of Delaware. This past September, a couple months ago, Dr. Fleming, you were good enough to come to open what we call the Delaware Innovation Space in Wilmington.

DuPont forever, forever, ever for hundreds of years was like the economic lynchpin in Delaware. Tens of thousands of jobs.

When I was sworn in as Governor of Delaware in January of 1993, 27,000 people went to work that day in Delaware for DuPont, 27,000. Today, 4,000. The question is, what do you do about that? How do we deal with that?

We had a lot of DuPont employees who were let go. A lot of them had PhDs at the end of their name, and they had created some amazing things that DuPont is famous for. All of a sudden, they were without a job.

We have created this Innovation Space on the campus of the experimental station of DuPont. It is a whole new creation, a boomload of jobs. We are excited about the. EDA has played a very significant role in helping us to make sure that the innovation space is open for business, helping local entrepreneurs, including some former DuPonters, launch their startups or get their small businesses off the ground.

Down at the other end of our State, all the way at the southern end of our little State is a place called Georgetown. It is the county seat of Sussex County, Delaware. Sussex County is one of the largest counties in America. They raise more chickens than any county in America. I think they may raise more soybean than any county in America.

They are going to be the home of the Delaware Technical

Community College's Owens Campus. They were fortunate to receive about \$2 million from EDA in a grant last year. This grant supplemented about, as I said in my remarks here, this grant supplemented almost \$3.5 million in local investment. What it did is it leveraged. The money from EDA helped us leverage from auto dealers, from folks like Purdue poultry, and all these other companies, big trucks. But we leveraged and put together close to \$5.5 million to build what we call the Automotive Center of Excellence.

Now, Georgetown will soon be home to the first auto technician and diesel mechanic training program, not just in Sussex County, not just in Delaware, but in the whole Delmarva Peninsula. It is a win not just for Sussex County; it is a win for every employer who needs folks like this. You and I, we could drive, in our home States of Wyoming, West Virginia, Iowa, Delaware, we could drive and visit their auto dealers today, and they will almost all tell you, we need people who can do this work at our shops, who have the skills and are willing to do this work, and there is just a real shortage of them.

But the center that I have just described will offer local students a trade to learn and the opportunity to stay and raise a family in their home area instead of moving away to try to find good paying jobs elsewhere. It will also give our area dealerships and diesel operators a workforce they desperately

need to succeed.

To say the least, I am very pleased that we received this assistance from EDA for these projects and are grateful for the vote of confidence. We can see the real-world impacts of EDA's investments in our communities.

However, as we near the release of the President's budget proposal for fiscal year 2021 coming up in a couple of weeks. It is worth noting that in the previous three budget proposals, the Trump Administration proposed to eliminate EDA funding. I fear that EDA will suffer a similar fate in the upcoming budget proposal, and I think it is just the opposite of what we should be proposing for EDA. I am sure you agree.

The EDA has not been reauthorized since 2008. As we review the programs at EDA, I believe we must examine how these programs can be improved and expanded to better assist disadvantaged communities, communities of color, indigenous communities as well. We also need to examine how EDA can assist those communities that are most vulnerable to the effects of global climate crisis.

Senator Inhofe talked about 100-year floods in Oklahoma that now occur every year. We have at Ellicott City, not far from here, Ellicott City, Maryland, where they got two 1,000-year floods withing a year and a half of each other. Down in Houston, they got two 1,000-year floods withing 18 months of

each other. Something is happening here, and we have to be able to see that EDA is one of the tools in our toolbox to ensure that we are planning and building more climate-resilient communities.

Finally, our Country's economy is undergoing historic changes. Regardless of its changes in technology and automation to address climate change, we have to make certain that we support communities and workers in that transition. Let me just say that again. Our Country's economy is undergoing historic changes. Regardless of changes in technology and automation in order to address climate changes, we have to make sure that we support communities and workers in that transition.

The golden rule says to treat other people the way we want to be treated. Who is my neighbor? Well, the coal miners in West Virginia who are losing work and other places around the Country where their jobs that provided a living for people forever are slowly going away. We need to treat those people as though they were our neighbors.

As we make changes in national energy policy and industrial practices, we need to both minimize impacts and provide assistance to communities and workers that are affected by these changes. I believe EDA will be a key point of that effort, too.

Mr. Chairman, thanks again for pulling this together. Dr. Fleming, just great to see you. Thank you for coming to

Delaware, and thank you for your leadership at EDA. All the best.

[The prepared statement of Senator Carper follows:]

Senator Barrasso. Thank you very much, Senator Carper.

Dr. Fleming, welcome back to the committee. I want to remind you the entire, full written testimony will be made part of the record, so I ask you to please keep your statement to about five minutes, and then we will have more time for questions. Thank you and please proceed.

STATEMENT OF THE HONORABLE JOHN FLEMING, M.D., ASSISTANT
SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT, U.S. DEPARTMENT
OF COMMERCE

Dr. Fleming. Chairman Barrasso, Ranking Member Carper, and members of the committee, it is a pleasure and a privilege to appear before you today to testify on behalf of the Economic Development Administration and the Department of Commerce.

EDA welcomes this hearing as an opportunity to discuss the role that the Department of Commerce plays in supporting economic development in economically distressed areas of the Country. My focus as Assistant Secretary for Economic Development has been on helping foster economic growth. We do this by leveraging private capital investments in economically distressed areas, including in opportunity zones, harnessing innovation, assisting communities recover from natural disasters, assisting communities severely impacted by the declining use of coal, and supporting community-driven workforce development strategies.

One of the Administration's key areas of focus and one that EDA is leading to support are opportunity zones, which were created as a part of the Tax Cuts and Jobs Act of 2017. As the agency whose principal role is to make investments in economically distressed communities to generate jobs, foster

resiliency, and accelerate long-term growth, the Opportunity Zones Initiative fits hand in glove with the EDA's mission.

Since fiscal year 2018, EDA has invested nearly \$352 million in 262 projects in or near opportunity zones across the U.S., including in many of your States. The Regional Innovation Strategies Program, RIS, is another distinct program in EDA's portfolio, and one we continue to strengthen to harness and enhance technological innovation across the Country.

Since the RIS Program's inception, RIS grantees have supported over 8,200 full-time jobs and have helped raise over \$1 billion in investment capital. At EDA, we are also working to support the development of skills training facilities that address the hiring needs of the local and regional business communities, particularly in the manufacturing sector.

Since 2017, EDA has invested more than \$118 million in Public Works and Economic Adjustment Assistance grant funding in 80 projects to help communities and regions build the capacity for economic development through workforce development strategies. These investments directly support the goals of the National Council for the American Worker, established by presidential executive order to create our first-ever National Workforce Strategy, which is co-chaired by Secretary Ross and Presidential Advisor Ivanka Trump.

As you know, in fiscal year 2018 and fiscal year 2019, our

appropriators provided EDA with \$1.2 billion in disaster supplemental funding. To date, EDA has awarded over 178 grants, totaling nearly \$472 million to communities across the Country that have been impacted by federally declared natural disasters. EDA will continue to use the additional funding authorized by Congress for our Economic Adjustment Assistance Program to assist in economic development and diversification efforts in coal communities through the Assistance of Coal Communities competition.

Since fiscal year 2017, EDA has invested more than \$96 million in 99 projects to assist such communities and regions across the U.S. I would also like to mention before I conclude that EDA is working to launch newly funded initiatives in our fiscal year 2020 appropriations. This includes the new STEM Apprenticeship Program, which will enable EDA to continue to support more innovation-focused economic development by helping communities more directly develop talent to meet the needs of industries of the future.

EDA will also deploy the \$15 million in appropriations we received to support communities impacted by nuclear plant closures.

Chairman Barrasso, Ranking Member Carper, and members of the committee, thank you for the opportunity to address some of EDA's efforts to enhance the global competitiveness of America's

regions through economic development. I look forward to answering any questions you may have.

[The prepared statement of Dr. Fleming follows:]

Senator Barrasso. Well, thanks so very much for your testimony and for your very diligent work on this important project and program.

I have a couple of questions. I know my colleagues do, as well. As I mentioned in my opening statement, your agency issued a \$1.4 million grant to Campbell County and Gillette, Wyoming through the Economic Development Corporation, so I am pleased to see you are supporting the projects, because coal-to-products technology is an emerging industry, and it could be many new markets for coal.

Last month, Senator Capito and I, along with Senators Manchin and Enzi introduced legislation, S. 3047, the Creating Opportunities and Leveraging Technologies for Coal Carbon Act of 2019. The bill supports dedicated federal research and development of coal-to-products technology.

How does your agency collaborate with other agencies and experts in identifying promising new technologies like coal-to-products, but other technologies as well?

Dr. Fleming. Well, I think I can best answer that, Senator, by giving you an example. We are currently concluding an MOU with the Department of Energy that they are going to provide \$2 million to our RIS program that we will invest in innovative ways of dealing with blue energy, so-called blue water energy, using wave motion and things of that sort.

We are working collaboratively with our sister departments and agencies. Many have focused particularly on our RIS program because it is innovation-based, and it is a very competitive program looking for the best possible ideas and new technologies that we can work on cooperatively and collaboratively to achieve those goals.

Senator Barrasso. And then in terms of building workforce, certainly at home in Wyoming, the University of Wyoming, our community college system, they are key partners in building our workforce. I was going to ask if you could explain how the Economic Development Administration works with university centers and with community colleges to address some of the challenges that we have in workforce development.

Dr. Fleming. Right. Well, thank you for that, Senator.

That is a very exciting area, one, along with our RIS program, we have the most interest in. Community colleges are really engaging in the trade skills, whether it is advanced welding instrumentation, bricklaying, you name it, anything that requires skills.

The reason is because these jobs go untaken, and they are good-paying jobs. These young adults in many cases don't have the opportunity to get those skills anyplace else. So we have been providing grants, both technical assistance grants and direct grants, such as in the panhandle of Florida where we had

a million-plus dollar grant for advanced welding.

That is going to help them because their building schedules are getting way behind. Why? Because they get hit by disaster after disaster. There just aren't enough skilled folks in the region to do this. So that is a very much growing area, and we highly support that, Senator.

Senator Barrasso. I was thinking back to your hearing for your confirmation. You, being a fiscal conservative, were questioned in here, with a group of fiscal conservatives here, about making sure the government is a careful steward of taxpayer funds. That was your history in the House of Representatives. How does your agency evaluate projects to determine if they are really a productive use of our taxpayer's money?

Dr. Fleming. Well, great question. First of all, as an agency, we fight way above our weight class when it comes to how we deploy funds. What I mean by that is we also have a section of our agency that actually measures, particularly at three, six, and nine years, and mainly our construction projects, on how we are doing.

It has to be proven to us that there are jobs waiting to be had, that there is capital ready to be deployed. As a result of that, over the measurement of many years, we have seen for every single federal taxpayer dollar, \$15 of private capital

investment. That is in addition to the local community match, which is usually one to one.

So as you can see, we catalyze, we leverage the private sector capital investment, and we have the stats in order to prove that.

Senator Barrasso. My final question, since I am here with my colleague, Senator Capito from West Virginia, we are both from coal States. Coal communities throughout Wyoming certainly were devastated as they were in West Virginia under the Obama Administration. I applaud your current efforts to focus on opportunities in coal communities.

Can I ask, do you intend to continue to prioritize coal country projects?

Dr. Fleming. Absolutely, Senator, and as Senator Capito is likely to comment here in a moment, I visited West Virginia. We had a great time.

We actually presented eight different grants, totaling \$7 million, that are going to help the good people of West Virginia recover from a lot of these problems and difficulties. We strongly support that. The appropriators are generously providing \$30 million a year for us to employ in that space, so we are always standing ready to help in that.

Senator Barrasso. Thank you, Dr. Fleming. Senator Carper.

Senator Carper. As Senator Capito know, I am a native West

Virginian, and from Beckley, Raleigh County. One of my great-great-great-great grandfathers was one of 15 co-founders of Raleigh County. So I hope one of those seven or eight grants makes its way to Raleigh County.

In fact, when I was a little kid, a lot of our neighbors were coal miners. My grandparents, even going back to see them later in our lives, their next-door neighbor, Mr. Metters, was a coal miner. I have a great deal of feeling and empathy toward the plight that they have gone and faced. I am happy to hear that you are able to provide some real help for them.

I know Senator Capito has been all over this, along with Senator Manchin, as well. Thank you.

When I think about economic development, I love economic development. I used to work as a naval flight officer in the Vietnam War and came back to the U.S. and moved from California to Delaware and got an MBA and met a guy running for Congress. I ended being his treasurer and fundraiser while I was an MBA student.

The next year, I got to run for State treasurer because nobody wanted to run. We had the worst credit rating in the Country. I got to run because nobody wanted to run. The rest is, as they say, history. I worked for about less than a year before I ran for treasurer in the Delaware Economic Development Office.

To this day, when people ask me what I do if I am travelling around the Country, like if I am on an airplane, they say, well, what do you do? So I end up spending the next two hours talking about impeachment or the Affordable Care Act.

Senator Barrasso. You know, they have these headphones that you wear, so you don't have to answer all these questions.

[Laughter.]

Senator Carper. In any event, I tell people I am a retired Navy captain, and I work for the Head of Economic Development for the State of Delaware. I just love doing that. I think there are a lot of ways you can help people, and one of the best ways you can help people is to make sure they have a job. There are many elements to that.

As I said earlier, we don't create jobs, but we are all involved in helping to create the environment that sustains the job creation, including the workforce training that we are doing in Sussex County, Delaware that we are doing with people who will help keep our new generation of automobiles and trucks up and operating. Transportation systems and surface transportation, which we work on here a lot, water, access to capital, access to decision makers, common sense regulation, a tax burden that is bearable and actually fosters economic growth, and the list goes on and on and on.

I want to talk a little bit about the future. When you

were a nominee before us, and you reflected back on your time in the House of Representatives, how many years did you serve?

Dr. Fleming. Eight years.

Senator Carper. Eight years. One of the things we talked about was your choice not to support EDA as a Congressman, but as a nominee. We all learn as we go along in life. God knows I hope I am smarter than I used to be.

Just talk to us about now that you have been at the helm for about a year, just think back on your views then and what you have seen and what you would like to share to folks who aren't really convinced that we do need an EDA, we need a robustly-funded EDA. The Administration has given us three budgets in a row where they zero out EDA. My hope is that when you provide your input, you are trying to convince the President to do something else, but just talk about that please.

Dr. Fleming. Sure. Well, I thank you for the opportunity for that, Senator Carper. I can tell you that in preparing for the nomination, I learned a lot more about EDA than I ever knew.

What really excites me as a fiscal conservative, as the Chairman says, is the fact that from my former life, I was involved in entrepreneurship, I was a developer.

Senator Carper. Is there something you haven't done? It is pretty impressive.

[Laughter.]

Dr. Fleming. Well, you need to talk to my wife, Senator. She could probably tell you.

As developers or entrepreneurs, we are always interested in OPM, right? Other people's money. From a fiscal standpoint, from a conservative fiscal standpoint, to me, it makes a lot of sense for us, for the government to leverage the private sector to do what it does so well, and that is invest private capital with a great return, not only a financial return, but a social impact return on that investment.

As I learned more about EDA and the good work that it has done, and really the excitement from both sides of the aisle about the work EDA has done, I really fell in love with EDA and the work that it does.

Senator Carper. Let me just interrupt. The President is going to submit his budget in a couple of weeks. Do you have any idea if the President will again propose to eliminate EDA?

Dr. Fleming. My expectation and that of my staff and colleagues is that that will also be in his budget, the fourth-year budget, that elimination of EDA will likely be --

Senator Carper. Is that demoralizing for the folks that work for you, with you? Is that demoralizing?

Dr. Fleming. I really have not detected anything like that. To be honest with you, if you look at our scores, the FEV scores that we have, that we have actually seen that lift, and they

were already pretty good anyway. Longevity with people that have been there 30, 40 years.

I really have not detected that problem. We just keep our heads down and our nose to the grindstone. We just do our work every day. And so far, Congress has been very generous to us, in fact, increasing our funding this year. That really gets us up every morning and doing the good work that we do, catalyzing private investment.

Senator Carper. My colleagues and I in the Senate, have been focused a lot in the recent days, actually recent hours, on checks and balances, and really, the key to our success as a Nation for all these years, underlying our success, the durability of our democracy is that system of checks and balances. A good demonstration of that is support for EDA and the work that you and the folks you lead work.

You mentioned leverage. It is incredibly important that we use this limited federal resource to leverage a whole lot more private sectors in State and local. We try to do that in Delaware; I am sure my colleagues try to do that in their States. Thanks so much.

Senator Barrasso. Thank you, Senator Carper. Senator Capito.

Senator Capito. Thank you, Mr. Chairman. It is great to see you again, Dr. Fleming, and to see Angela. I appreciate

your visit to West Virginia on Veteran's Day, you being a veteran yourself.

We had a great day with some great announcements, as you mentioned, \$7 million. The one that we cut the ribbon on where we were actually in Putnam County was an infrastructure project, which really can leverage a lot of private investment, but also help those local water entities and the economic development and county authorities really get the job done in an area where they can't grow unless they can get this infrastructure. So I am really pleased about the emphasis that EDA has placed on infrastructure.

I am also pleased that under your leadership, and really under the leadership of President Trump, that the prioritization that EDA has reprioritized to where it needs to be. These are the unserved and underserved areas, where your options are nonexistent or are very, very low. I think we see that, certainly in my State.

Obviously, the assistance to coal communities has been an enormous help to us, because as the Chairman said, Wyoming, and as Senator Carper knows, as a native-born West Virginian, some of those areas were really decimated and have a really long time to be able to recover.

Let's talk a little bit if we could about infrastructure. Where are you seeing, when you set priorities, where are you

seeing the priorities in terms of, I mean, you could go anywhere. You could go infrastructure, you could go in coal communities, tech development, workforce development. How do you set the priorities, or is it project to project?

Dr. Fleming. Senator, do you mean specific to coal, or all?

Senator Capito. No, just in general.

Dr. Fleming. Over our history, the vast majority of our investments have been in infrastructure. Typically, a water system, sanitation systems, 60 percent of our dollars go to rural areas. Obviously, broadband is another type of infrastructure that we invest in.

In our regular or routine appropriations, our focus is again on removing obstacles to private investment. One quick example I will give you is in Hattiesburg, Mississippi. Regent's Bank has a call center there, and they want to do expand it, hire more people, invest tens of millions of dollars, but for a road there that had been so affected by weather. They didn't want to make that investment or take that risk unless the road was fixed. So the community matched our investment of over a million dollars. Now, they are growing and blowing and hiring people, and these are good-paying jobs.

Senator Capito. Thanks. Well, we know diversification is the key to success. Our States being very heavy energy jobs, there is still a lot of job growth and job development that

occurs in the energy field. EDA was, in your November visit, we announced a half-million-dollar project for the City of Philippi to be able to extend sewer infrastructure to a coal mine, which is 150 jobs, 450 existing jobs.

I appreciate the fact that while aid to coal communities is to those that are no longer able to sustain that employment base, you still have your eye on the diversification of the economy and retaining the jobs that we have.

The energy industry, you come from an energy State yourself. How do you see that in terms of job development? Because obviously we are much more energy independent in this Country than we were even five to ten years ago.

Dr. Fleming. Yes. Well, Senator, I think you have already said it, diversification. When I came to Congress in 2009, we were not exporting natural gas. Today, Louisiana is one of the largest natural gas exporters in the world. It is a cleaner form of energy than what we had prior to that time.

As the marketplace moves and as we find newer forms of energy or newer uses of existing energy form, we are always happy to evolve with that from a technological standpoint. Also remember that in the coal communities as well as the upcoming nuclear closures, we offer technical assistance. We actually pay for consultants to come in and look at what is going on in your section of the Country, what is happening with the

economies in your locale, and how can we diversify that and get into whether it is other forms of energy, the same form, or something else altogether different.

Also remember that in the coal section, we are also working the supply chain, too, which extends up into other States, such as Massachusetts.

Senator Capito. Right. Lastly, in a hat tip to Senator Carper, the last EDA assistance to coal communities that West Virginia received was \$700,000 in Beckley, which is his birthplace, and it is for the Regional Development Authority to do entrepreneurship, to try to get creative minds to create their own small businesses.

You are also working with WVU Beckley there, but also the ARC, which is the Appalachian Regional Commission, which has dollars to go along with the private dollar investment. It is also located in a designated opportunity zone. I am proud to say that is legislation that I was on the forefront of, and I think has great potential for EDA to match investments in opportunity zones to help, again, going back to those communities, that really, their options are so limited, that without that kick from EDA and the opportunity in an opportunity zone, couldn't further develop.

Sorry I went so far over, but thank you.

Senator Barrasso. Thank you, Senator Capito.

Before turning to Senator Whitehouse, I ask unanimous consent to enter into the record four letters in support of the EDA's ongoing work in Wyoming. Without objection, they are admitted.

[The referenced information follows:]

Senator Carper. Mr. Chairman, before you recognize Sheldon, can I just say a follow-up to Senator Capito? My wife and I went on a roots tour last August, back through West Virginia, Kentucky, North Carolina, South Carolina. It was just great fun. We got to see all of our cousins.

Senator Capito. Well, we are all related.

[Laughter.]

Senator Carper. We really are.

In Beckley we had, one day I got up really early on a Saturday morning, and I went for a run. I went downtown and ran by the old First Baptist Church where the Pattons all used to go to church. I used to go there with them. It was 7:00, 7:30 in the morning. I ran by First Baptist Church, and a guy pulls up in his car and he stops, and he gets out and apparently, he is a deacon or something.

He was just going in to work on a project in the church, as he said, you are a United States Senator, aren't you? I went, wow, I have my gym clothes on.

[Laughter.]

And he said, Senator Manchin, we are very proud of you, and I said, I am not Senator Manchin, and he said, well, which one are you? I said, I am Shelley Capito.

[Laughter.]

Senator Capito. Well, I hope you got him straightened out.

[Laughter.]

Senator Carper. I straightened it out for the record before I left.

Senator Barrasso. Senator Whitehouse.

Senator Whitehouse. Welcome, Director Fleming. As you know, I voted for your confirmation and supported you. On occasion, I have had some regret about people who I have voted for, but in your case, I came to say thank you and to express my appreciation for the work you are doing.

I want you to know that in Rhode Island, we very often get things done by working together. Public-private partnerships, partnerships across municipal, State, federal, all sorts of different parties coming together. As you also know, when that is your process, things can sometimes take some time.

I think we have been particularly well-served by Linda Cruz-Carnall, who is your Regional Director in our area, and by the terrific Marguerite McGinley, who is the Area Director. We have a port in Galilee that has had very considerable rebuild, thanks to EDA support, and that has made it an attraction for other fishing boats that had not come there before to now come there because the facilities are top-quality.

That has been very helpful for our fishing community. As you know, in a farming community or a fishing community, when you get below a certain point, and you can't support the net-

makers, the motor repair people, the boat painters, and all the others, then it begins to completely fall apart. So having that extra business has been essential to that industrial fishing ecosystem at Galilee, and that has been very helpful.

It has meant a lot to us to have EDA there when Sandy came through and so much damage was done, and there had to be some flex about unpredicted harms that resulted from Sandy, unpredicted damage. EDA was there and very patient with working through with us to make sure that things got done and got done right.

My particular favorite, however, was the story of an incubator, a business incubator, an innovation hub on Aquidneck Island in Rhode Island, an area which often feels a little bit overlooked by Providence and upstate and everybody else. Because there were so many parties involved in it, the project ran into some difficulties. There was a moment when EDA had the choice to bail on the project, or to hang in there.

My office gave EDA a very strong assurance that this project would work, that they should hang in there, that it was going to be worth it at the end of the day. EDA made the choice to hang in there, and sure enough, since then, all the pieces have come together. The innovation center is up and running. What used to be an abandoned, moldy schoolhouse on an attractive, relatively main street of Aquidneck Island, one of the main

thoroughfares of Aquidneck Island, is now buzzing with activity and filled with business interests and folks who are trying to lead the innovation agenda in that area.

You didn't have to hang in there with us. You trusted us that we could get this done. We did, in fact. It has turned into, I think, a real victory for EDA and for the local community. So I am just here to express my appreciation for a number of very good stories and for the patience and determination and the toleration of your Regional Director and you Area Director with us through all of this. It is been a terrific, terrific partnership, and I appreciate it.

Dr. Fleming. Sure. Thank you. If I could respond to that.

Senator Whitehouse. Please do. I will have to run though, because I am due at the leader's office.

Dr. Fleming. That is okay. I just want to thank you for your words of support, and that is one of the things I really like about EDA, is its ability to be flexible with these situations that arise. Thank you.

Senator Barrasso. Senator Carper.

Senator Carper. Dr. Fleming, I have a series of questions to ask. They are not yes or no questions, but you can give fairly short answers if you want. The first one, on disaster funding, which you talked about already a little bit. Congress authorized I think about \$1.25 billion dollars in disaster

supplemental funding to EDA, I think to spend on major disasters in 2018 and in 2019. I think that was roughly what we did.

The question was, any idea if these funds are being spent to build and rebuild infrastructure that has more recently been able to withstand the effects of the climate crisis?

Dr. Fleming. Senator, yes. We are well into that \$1.2 billion dollars. It was for fiscal years 2018 and 2019 for disasters 2017 through 2019, and we are \$471 million into the first tranch, which is about 80 percent. We are, again, investing in new structures or to rebuild structures and to, because of our mandate, to add resiliency to this so that with the next hurricane, or the next earthquake, or the next forest fire that may --

Senator Carper. Or the next 1,000-year flood which occurs next year, someplace.

Dr. Fleming. Flooding, of course, yes. Absolutely. So we want to make sure we don't have to go back and rebuild, or if it is down, it is down for a very short period of time and can be brought back up very rapidly.

Senator Carper. It is my understanding that EDA has suffered from some staffing shortfalls in recent years. Is that still the case today, and would you please share with us what the current staffing levels are, roughly, and how they compare to staffing levels at the end of, we will say, the last

Administration.

Dr. Fleming. Right. Thank you for that question. You know, EDA has not had supplemental disaster funding for a number of years until again, fiscal year 2018. We had a sudden traunch of \$587 million for deployment, and we had to gear up, which meant hiring term employees, engineers, and so forth.

We had several challenges there. Number one, the economy is roaring, so we have to compete with the private sector. Number two, we have all the steps that you have to go through with federal hiring, and we don't have the sort of emergency hiring authority that for instance, FEMA has. But we have managed to get the job done. Certainly, we would be interested in further discussions on emergency hiring authority going forward.

Senator Carper. I talked with my staff a few minutes ago about reauthorization of EDA. The next time we do reauthorization, is that something that we should take into consideration?

Dr. Fleming. Absolutely, Senator. We could really gear up a lot faster, spin up our staff. Remember also, these are term employees, which means that it is not a permanent job, and that is another challenge. Some people won't work that way.

But now that we have closed the gaps, we really are up and going now. We have these term employees available for the next

fiscal year traunch, which we have already begun to obligate. It is going, but the ramp-up period could be faster if we had that special authority.

Senator Carper. Okay. Good, thanks.

A little bit on opportunity zones, as have been mentioned here by several of us. I understand that EDA is giving preference to grant applications from applicants in opportunity zones, pursuant to the President's 2018 executive order. EDA has also made opportunity zones eligible for EDA funding, even if the area fails to meet EDA's economic disaster distress criteria.

Opportunity zones, if I am not mistaken, already have a leg up with private investors, due to their generous tax preference, as you know. So in some cases, impoverished areas that weren't designated as opportunity zones are losing out, I am told, because potential investors would rather invest in opportunity zones instead.

I am a little concerned about this practice. You might be too, that they could inadvertently further disadvantage distressed communities where EDA grants are most needed.

Here is my question. Could you just take a minute and explain to us how the EDA is ensuring that the preference given to opportunity zones, including zones that don't meet EDA's economic distress criteria, does not put distressed communities

at a greater disadvantage compared to those communities that already enjoy a powerful incentive for attracting private investment?

Dr. Fleming. Senator, first of all, let me just say that you heard me earlier talk about the 15 to 1 ratio of private investment. To every dollar of taxpayer federal dollar that we invest, we fill that with opportunity zones, that could dramatically increase, 30 to 1, 50 to 1, 100 to 1, who knows.

So the force multiplier effect of leveraging and catalyzing the private sector investment, we think, coming alongside opportunity zone tax preferences could really empower the work that we do and the work of entrepreneurs as well as philanthropists and others. We see that as very important.

As far as the criteria, it is correct that we accept all applications, but not necessarily grant them if they are opportunity zone applications. It is one of our five special criteria, or priorities, if you will, for investment.

However, we have been investing, as you heard me say in my opening remarks, since 2018, almost \$400 million in or around opportunity zones. Just based on the fact that they were areas of distress, not because they were opportunity zones, because most of them had not been declared yet.

I will say there are special criteria, of course, that were set forth in statute, such as there has to be at least 20

percent poverty rate, and other things. Then from that, the governors themselves selected the census tracks. We try to be mindful of any potential for investment in areas that really don't need our help. Remember, it is still a competitive process, and we are going to go where the need is the greatest.

Senator Carper. Thank you so much.

Senator Gillibrand, you are right on time.

Senator Gillibrand. Thank you, Mr. Chairman and Mr. Ranking Member. Mr. Secretary, thank you for your testimony today.

I want to take the time to discuss the Economic Development Administration's role in disaster recovery. We continue to see devastating extreme weather events across the Country, whether it is fires raging in California, hurricanes and earthquakes ravaging the island of Puerto Rico, or flooding in my home State of New York, climate change is truly wreaking havoc in communities across the Country.

In the EDA's commitment to building more resilient regional economies in the wake of natural disasters, does the EDA see the unrelenting effects of climate change as a hurdle to, as you said, "help communities recover stronger?"

Dr. Fleming. Thank you, Senator. Certainly, EDA's focus is on resiliency since 2015, that if we have to rebuild something, or diversify, or whatever we need to do, that it can

withstand the next natural occurrence, next event that may come that way. I am not a climatologist, we don't have any climatologists on our staff, so I don't claim any expertise in that area, but certainly we stand ready to deal with any sort of weather event or other natural disaster that may come our way.

Senator Gillibrand. Through the Supplemental Appropriations for Disaster Relief Act of 2019, the EDA received \$600 million in additional funds. The EDA disburses both pre-disaster resiliency grants as well as post-disaster recovery grants. With climate change contributing to an uptick in extreme weather events, how does the EDA prioritize pre-disaster resiliency grants versus post-disaster recovery grants?

Dr. Fleming. Senator, I will need to take that question for the record. I am not in a position to really make that distinction for you today, but would love to research and analyze it and get back to you.

Senator Gillibrand. We would be grateful for a letter to the committee.

Dr. Fleming. Okay, sure.

Senator Gillibrand. As you detailed in your remarks, the role of the EDA in disaster recovery is to help facilitate the timely and effective delivery of federal economic development assistance to support long-term community economic recovery planning and project implementation and resiliency.

In 2017, after being hit by an economic disaster, our fellow citizens in Puerto Rico were devastated by Hurricane Maria. EDA's first disbursement of disaster aid to Puerto Rico came in October 2018, a little over a year from when Hurricane Maria hit. At the end of 2019, the island was once again struck by disaster, this time in the form of multiple earthquakes.

How will the EDA prioritize funding to ensure that the island and our fellow citizens receive relief, as well as resiliency resources so they can rebuild effectively and quickly?

Dr. Fleming. I am glad you asked that question, Senator, because a lot of times, there can be a little bit of confusion about where we fit into the whole disaster recovery scheme. We are not first responders, although we do set up a joint office with FEMA and our other partners early on, but we were not appropriated funds for the 2017 disasters until well into 2018. Then we began to obligate them as we received applications.

So we are about 80 percent through that, at this point. So far, we have obligated over \$56 million to Puerto Rico for the 2018 tranch of appropriations for disaster funding.

Senator Gillibrand. When do we think that money will be actually spent?

Dr. Fleming. Well, it is obligated. It is really up to the people on the ground there in Puerto Rico, for them to bring that project to fruition and to be mature enough to spend it.

We set it aside; we make it available to them.

But remember that while we have an economic development representative there, in fact, he is Puerto Rican, he lives in Puerto Rico, he is a native Puerto Rican, and he is very close to everything, we rely on our partners there, such as the economic development directors, the local business community, and so forth, to actually let us know what they are going to do, what their plans are so we can then fund them.

Senator Gillibrand. Have you identified any impediments to having that money be spent? Is there, for example, a matching requirement, or is there any other structural impediment that has resulted in that money not being spent?

Dr. Fleming. In the case of Puerto Rico, we find the biggest challenge is the fact that the level of expertise, the level of capability is less than what we see in other areas.

Senator Gillibrand. I would imagine, particularly since the islands have been hit so hard, and they have had such a loss of population as a result, people are just going where they can have a home and a school, and running water and electricity. So they really have been leaving the islands.

Dr. Fleming. Right. You are quite correct on that, Senator. I will add that part of what we do is provide grants for technical assistance, so we are always willing to pay to have experts and consultants to come in and come on the ground

and to give their guidance.

Senator Gillibrand. Last, is there a deadline for that money, if it is not spent, when it would be clawed back?

Dr. Fleming. There is not an absolute deadline. We try to be very flexible with that. The only time that we may recapture it in some other way is when it appears that project is just never going to come about.

Senator Gillibrand. Well, I would be grateful if you would work with my office specifically on trying to remove impediments for that money to be spent, and if it is needing assistance to write applications for technical assistance, our office is happy to support that. But I would love to work with you to make sure that we really start investing in Puerto Rico's recovery as well as resiliency building.

Dr. Fleming. Absolutely, Senator, we would be happy to work with you and your staff,

Senator Gillibrand. Thank you very much. Thank you, Mr. Chairman, and Mr. Ranking Member.

Senator Barrasso. Thank you, Senator Gillibrand.

Thank you so much, Dr. Fleming.

The record is going to remain open for two weeks, so you may get some questions, and if you do, please respond in writing, I want to thank you for your time and your testimony and for the wonderful job you are doing. Thank you very much.

The hearing is adjourned.

[Whereupon, at 11:05 a.m., the hearing was adjourned.]